

109TH CONGRESS  
2D SESSION

# H. R. 6420

To amend the Internal Revenue Code of 1986 to impose an excise tax on certain medical care providers that fail to provide a minimum level of charity medical care, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 8, 2006

Mr. THOMAS introduced the following bill; which was referred to the  
Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on certain medical care providers that fail to provide a minimum level of charity medical care, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Tax Exempt Hospitals  
5       Responsibility Act of 2006”.

1 **SEC. 2. REQUIRED POLICIES AND PROCEDURES OF SPECI-**  
2 **FIED MEDICAL CARE PROVIDERS.**

3 (a) IN GENERAL.—Section 501 of the Internal Rev-  
4 enue Code of 1986 (relating to exemption from tax on cor-  
5 porations, certain trusts, etc.) is amended—

6 (1) by redesignating subsection (r) as sub-  
7 section (s), and

8 (2) by inserting after subsection (q) the fol-  
9 lowing new subsection:

10 “(r) POLICIES AND PROCEDURES OF SPECIFIED  
11 MEDICAL CARE PROVIDERS.—

12 “(1) IN GENERAL.—A specified medical care  
13 provider shall not be treated as described in section  
14 501(c)(3) unless such provider has adopted, and  
15 normally operates consistently with, policies and pro-  
16 cedures for providing, and charging for, specified  
17 medically necessary care to low-income uninsured in-  
18 dividuals consistent with the requirements of sub-  
19 chapter H of chapter 42.

20 “(2) DENIAL OF DEDUCTION.—No deduction  
21 shall be allowed under any provision of this title, in-  
22 cluding sections 170, 545(b)(2), 556(b)(2), 642(c),  
23 2055, 2106(a)(2), and 2522, with respect to any  
24 contribution to an organization which is not de-  
25 scribed in section 501(c)(3) by reason of paragraph  
26 (1).

1           “(3) DEFINITIONS.—Terms used in this sub-  
 2           section shall have the same meanings as when used  
 3           in subchapter H of chapter 42, except that with re-  
 4           spect to the term ‘specified medical care provider’  
 5           clause (i) of section 4968C(1)(A) shall not apply.”.

6           (b) EFFECTIVE DATE.—The amendments made by  
 7           this section shall apply to taxable years beginning after  
 8           December 31, 2007.

9   **SEC. 3. FAILURE BY SPECIFIED MEDICAL CARE PROVIDER**  
 10                   **TO MEET MINIMUM CHARITY CARE REQUIRE-**  
 11                   **MENT.**

12           (a) IN GENERAL.—Chapter 42 of the Internal Rev-  
 13           enue Code of 1986 (relating to private foundations and  
 14           certain other tax-exempt organizations) is amended by  
 15           adding at the end the following new subchapter:

16   **“Subchapter H—Failure by Specified Medical**  
 17           **Care Provider To Meet Minimum Charity**  
 18           **Care Requirements**

“Sec. 4968. Excise tax on specified medical care provider for failure to provide  
 specified medically necessary care.

“Sec. 4968A. Excise tax on specified medical care provider for overcharging for  
 specified medically necessary care.

“Sec. 4968B. Excise tax on specified medical care provider for failure to dis-  
 close charitable medical care information and negotiated  
 charges.

“Sec. 4968C. Definitions.

1 **“SEC. 4968. EXCISE TAX ON SPECIFIED MEDICAL CARE PRO-**  
2 **VIDER FOR FAILURE TO PROVIDE SPECIFIED**  
3 **MEDICALLY NECESSARY CARE.**

4 “If a specified medical care provider fails to provide  
5 specified medically necessary care to a low-income unin-  
6 sured individual who seeks such care from such provider  
7 in an in-person visit, there is hereby imposed on such pro-  
8 vider a tax equal to \$1,000 for each such failure.

9 **“SEC. 4968A. EXCISE TAX ON SPECIFIED MEDICAL CARE**  
10 **PROVIDER FOR OVERCHARGING FOR SPECI-**  
11 **FIED MEDICALLY NECESSARY CARE.**

12 “(a) IMPOSITION OF TAX.—If a specified medical  
13 care provider collects from a low-income uninsured indi-  
14 vidual an amount in excess of the maximum allowed  
15 charges for specified medically necessary care provided to  
16 such individual, there is hereby imposed a tax on such pro-  
17 vider in an amount equal to 3 times such excess.

18 “(b) MAXIMUM ALLOWED CHARGES.—For purposes  
19 of this section, the term ‘maximum allowed charges’  
20 means—

21 “(1) with respect to a low-income uninsured in-  
22 dividual whose annual household income is not more  
23 than 100 percent of the poverty line applicable to  
24 the size of the family involved, \$25 for each visit,  
25 and

1           “(2) with respect to a low-income uninsured in-  
 2           dividual whose annual household income is more  
 3           than 100 percent, but not more than 200 percent,  
 4           of the poverty line applicable to the size of the fam-  
 5           ily involved, the average amount paid to the specified  
 6           medical care provider for such medical care under  
 7           contracts with private health insurers.

8   **“SEC. 4968B. EXCISE TAX ON SPECIFIED MEDICAL CARE**  
 9                           **PROVIDER FOR FAILURE TO DISCLOSE CHAR-**  
 10                          **ITABLE MEDICAL CARE INFORMATION AND**  
 11                          **NEGOTIATED CHARGES.**

12       “(a) IMPOSITION OF TAX.—If a specified medical  
 13   care provider fails to meet the requirements of subsection  
 14   (b), there is hereby imposed a tax on such provider equal  
 15   to \$1,000—

16           “(1) for each such failure with respect to a re-  
 17           quirement described in subsection (b)(1), and

18           “(2) for each day on which such failure oc-  
 19           curred with respect to a requirement described in  
 20           subsection (b)(2).

21       “(b) DISCLOSURE OF CHARITABLE MEDICAL CARE  
 22   INFORMATION AND MEDICAL CARE PRICE DATA.—

23           “(1) DISCLOSURE TO PATIENTS.—The require-  
 24           ments of this paragraph are met if the specified  
 25           medical care provider discloses its policies with re-

1       spect to providing, and charging for, specified medi-  
 2       cally necessary care—

3               “(A) in the patient admission process, and

4               “(B) in any attempt by the provider to  
 5       charge for medical care provided, and

6               “(2) DISCLOSURE TO PUBLIC.—The require-  
 7       ments of this paragraph are met if the specified  
 8       medical care provider makes available to the pub-  
 9       lic—

10              “(A) its policies with respect to providing,  
 11       and charging for, specified medically necessary  
 12       care, and

13              “(B) a list of the average prices actually  
 14       paid to the provider for each procedure or serv-  
 15       ice, grouped by private health insurance, self-  
 16       pay, and governmental health programs.

17       “(c) MAXIMUM TAX.—The amount of tax imposed  
 18       under subsection (a)(2) with respect to each failure shall  
 19       not exceed \$50,000.

20   **“SEC. 4968C. DEFINITIONS.**

21       “For purposes of this subchapter—

22              “(1) SPECIFIED MEDICAL CARE PROVIDER.—

23              “(A) IN GENERAL.—The term ‘specified  
 24       medical care provider’ means an organization  
 25       which—

1 “(i) is described in section 501(c)(3),

2 “(ii) has as its principal purpose the  
3 provision of medical or hospital care,

4 “(iii) has as its principal purpose the  
5 provision of medical education or medical  
6 research and is actively engaged in pro-  
7 viding medical or hospital care, or

8 “(iv) is required under State law to be  
9 licensed as a hospital.

10 “(B) EXCEPTIONS.—Such term shall not  
11 include a convalescent home or a home for chil-  
12 dren or the aged.

13 “(2) SPECIFIED MEDICALLY NECESSARY  
14 CARE.—

15 “(A) IN GENERAL.—The term ‘specified  
16 medically necessary care’ means any medical  
17 care which is within the scope of medical care  
18 provided by the specified medical care provider.

19 “(B) EXCEPTIONS.—Such term shall not  
20 include—

21 “(i) any medical care—

22 “(I) which is attested to by the  
23 physician or practitioner treating the  
24 low-income uninsured individual as  
25 being not medically necessary, or

1 “(II) with respect to which the  
2 low-income uninsured individual signs  
3 a waiver acknowledging such care is  
4 not medically necessary, and

5 “(ii) any organ transplant, any med-  
6 ical care that is cosmetic or experimental  
7 in nature, and any treatment to improve  
8 the functioning of a malformed member.

9 “(3) LOW-INCOME UNINSURED INDIVIDUAL.—

10 “(A) IN GENERAL.—The term ‘low-income  
11 uninsured individual’ means any individual who,  
12 at the time the medical care is sought—

13 “(i) is not covered by insurance con-  
14 stituting medical care, other than coverage  
15 described in section 223(c)(1)(B),

16 “(ii) has an annual household income  
17 equal to not more than 200 percent of the  
18 poverty line applicable to the size of the  
19 family involved,

20 “(iii) does not fail the resource re-  
21 quirement of subparagraph (D) or (E) of  
22 section 1860–14(a)(3) of the Social Secu-  
23 rity Act,

24 “(iv) is a citizen or resident of the  
25 United States, and



1 “(v) is not eligible for government-  
 2 sponsored insurance constituting medical  
 3 care.

4 “(B) EXCEPTION.—An individual shall not  
 5 be a low-income uninsured individual if the in-  
 6 dividual fails to comply with reasonable re-  
 7 quests by a specified medical care provider to  
 8 provide documentation, or make an attestation,  
 9 regarding income, assets, citizenship or resi-  
 10 dency, or insurance status.

11 “(4) POVERTY LINE.—The term ‘poverty line’  
 12 has the meaning given such term in section 673 of  
 13 the Community Services Block Grant Act (42 U.S.C.  
 14 9902).”.

15 (b) CONFORMING AMENDMENT.—The table of sub-  
 16 chapters for chapter 42 of such Code is amended by add-  
 17 ing at the end the following new item:

“SUBCHAPTER H. FAILURE BY SPECIFIED MEDICAL CARE PROVIDER TO MEET  
 MINIMUM CHARITY CARE REQUIREMENT.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
 19 this section shall apply to taxable years beginning after  
 20 December 31, 2007.

○